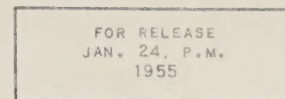
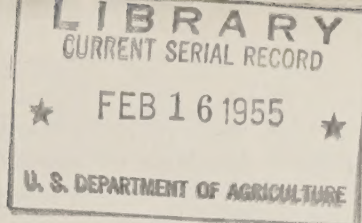


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# the AGRICULTURAL OUTLOOK DIGEST

AGRICULTURAL MARKETING SERVICE, U.S.D.A.

AOD-1



JANUARY 1955

The 3-year increase in slaughter of cattle probably ended last fall and stability is likely the next year or so.

A sharp decline and a much sharper increase have marked cattle slaughter the last 5 years. In 1949 when farmers began building up herds, 30.2 million cattle and calves were slaughtered. In 1949, 1950 and 1951, farmers added 11 million head to their herds. Slaughter in 1951 fell to 26 million, 14 percent below 1949, fewest since 1941.

Increased cattle production began to result in higher slaughter after 1951. Slaughter rose 2 million head in 1952, 10 million in 1953, reached an estimated 39.4 million in 1954--a gain of 52% for the 3 years. Until 1954 the number of cattle and calves on farms continued to increase, rising to a record 94.7 million head on January 1 of that year.

Record slaughter of 1954 probably exceeded number of calves raised by a small margin, thus halting 5-year increase in production. We will know for sure when annual inventory of livestock on farms is released by AMS February 14.

Trends in prices have roughly followed those in slaughter. With demand strong and slaughter declining, prices to farmers for beef cattle rose from an average of \$19.80 cwt. in 1949 to a record \$28.70 in 1951. As slaughter expanded, prices dropped 43% to an average of \$16.30 in 1953. Last year prices were steadier, ranging between a high of \$17.60 and a low of \$15.80.

Large number of cattle on farms assures high slaughter in 1955, though probably below 1954. This, along with prospect for continued strong demand, points to stability in prices. Fluctuations by season and by grades must be expected, of course, but marked changes are unlikely. Most likely to upset this forecast would be drought which could result in heavier marketing than now seems likely.

Pork production, contrary to beef, will be higher than in 1954. Last fall's pig crop, most of which will be marketed in first half of 1955, was up 16% from 1953. The 1955 spring crop, most of which will be sold next fall, is expected to be 5% above last spring's crop.

Hog prices this spring will stay below high prices of a year earlier. In the fall, prices are not likely to be greatly below year earlier.

FOREIGN TRADE: Value of U. S. farm exports in July-October was up 3% from a year earlier--total for October was highest in 22 months. High economic activity abroad, improved dollar position, competitive prices for U. S. products were main factors in rise.

Further increases are likely this fiscal year. Cotton exports for 1954-55 may be up a fifth from 1953-54, wheat as much as a sixth, tobacco about a tenth. Gains also are likely for fats and oils, fruits, dairy products, barley and grain sorghims. Total farm exports for 1954-55 probably will be up a tenth from last year.

New Government aid programs have had little effect on exports so far in 1954-55 but will play increasingly important part the remainder of the year.



**ECONOMIC ACTIVITY:** Business has improved and is likely to stay high next few months. Industrial production, stimulated by heavy output of autos and steel, has increased. Number of new houses started and building contracts awarded assures high volume of construction for some time. Business spending for new plants and equipment continues to ease lower. Expenditures by state and local governments are increasing.

Consumers have been receiving record income and spending at record rates in recent months. Quantity of food consumed per person in 1954 was up a little from 1953 and population rose about  $1\frac{1}{2}\%$ . Retail food prices averaged about the same.

**DAIRY PRODUCTS:** Milk production this year is expected to be near the 1954 total of 124 billion pounds, if weather is normal. With consumption likely to rise, the surplus is expected to be smaller than either of the last 2 years.

**EGGS AND POULTRY:** Laying flocks were culled more rapidly this fall than in other recent years. On January 1 the number of layers on farms was 1 percent above a year earlier. On October 1, it was up 8%. Although egg supplies this spring will be less than seemed likely earlier, they will continue large.

Broiler marketings declined in recent weeks, reflecting the reduction in chick placements last October. Prices rose from 17 to 20 cents in early December to 22 to 25 cents in early January.

**FATS AND OILS:** Exports of soybeans were a record in October-December and domestic demand has been strong. There has been some tendency for growers to hold their beans for higher prices. Prices to farmers so far this crop year have averaged well above support despite the record 1954 crop. Cottonseed prices also have been above support reflecting reduced supplies and strong demand for the products.

**FEED:** Feed grain prices have strengthened this fall and winter, despite larger supplies. Main reason is the record quantity of oats, barley and sorghum grain placed under loan and purchase agreement. Much less corn has gone under support than last year because of the smaller crop and the fact that less than half the producers in the commercial area are eligible for loans. However most of the large stocks of old corn are held by the CCC.

**WHEAT:** Cash prices are at about the highest level so far this season. Average received by farmers in mid-December was third highest since 1919. Strength in the wheat market results from fact that supplies outside the support program are relatively small.

**RICE:** Secretary of Agriculture has proclaimed acreage allotments and marketing quotas for 1955 crop. Producers will approve or disapprove in a referendum January 28. The allotment of 1.9 million acres is fourth below the 1954 planted acreage and a tenth below average for last 5 years.

**FRUIT:** Fewer oranges were processed up to Christmas than a year earlier; but demand from processors the rest of the winter probably will be as strong as last. This indicates steady and possibly rising prices for Florida growers. About the same prices as a year ago are expected for grapefruit this winter. Supplies will be about equal those of the winter of 1954.

**POTATOES:** Smaller supplies this winter probably mean considerably higher prices the next few months than a year earlier. Acreage for the late-spring crop is indicated to be a seventh above year earlier. Average yields on this acreage would result in higher production, and probably lower prices than in 1954.

**COTTON:** Disappearance of cotton this year is expected to total about  $13\frac{1}{2}$  million bales--domestic mill consumption 9 million and exports  $4\frac{1}{2}$  million. Last year exports totaled 3.8 million and mill consumption 8.6 million.

With the 1954-55 supply estimated at 23.3 million bales, carryover when the season ends next July 31 is expected to be about 9.8 million bales--about 200,000 more than a year earlier.